

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 XMB-02 ERDA-05 AID-05 CEA-01

CIAE-00 COME-00 DODE-00 FEAE-00 FPC-01 H-01

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05

USIA-06 OES-07 SP-02 SS-15 STR-05 TRSE-00 ACDA-12

/107 W

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R 161450Z NOV 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 6361

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DEPARTMENT PASS EXIMBANK FOR PRESIDENT MOORE

EO 11652: N/A

TAGS: BEXP, EFIN, ENRG, MX

SUBJECT: PROPOSED IMPORT OF MEXICAN NATURAL GAS

REF: MEXICO 18492

1. REPORTED DEVELOPMENTS IN WASHINGTON ON GAS PRICES, WELL PUBLICIZED IN MEXICO, ARE NOT GOING TO MAKE IT ANY EASIER TO GET PEMEX AND GOM TO COME DOWN FROM \$2.60 (OR \$2.62) PER THOUSAND CUBIC FEET PRESENTLY BEING ASKED.

2. EXCELSIOR HEADLINES OF NOV. 15 PROCLAIM THAT MEXICAN GAS IS CHEAPER THAN ALGERIAN OR ALASKA GAS. DETAILS ARE PROVIDED: BECAUSE OF STRATEGIC REASONS THE DEPARTMENT OF ENERGY DOES NOT WANT TO DEPEND ON ONE SOURCE FOR SUPPLIES; ARAB GAS HAS BEEN \$3.37 PER THOUSAND AND WILL GO UP TO \$4.50 IN 1983; ALASKAN GAS WILL BE AVAILABLE IN 1980 AT \$3.00. EXCELSIOR TOOK EDITORIAL NOTICE OF ABOVE PRICES OBSERVING THAT MEXICO WAS FACED WITH A NEIGHBOR SPECIALIZING IN BUSINESS TRANSACTIONS, MONETARY TRICKS AND LIMITED OFFICIAL USE

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MANEUVERS AT ALL LEVELS, AND SUGGESTING THAT MEXICO MUST DO THE SAME.

3. PAPERS REPORT ALSO RULINGS OF FEDERAL JUDGE LITT IN FAVOR OF TENNECO TO PERMIT PURCHASE OF ALGERIAN GAS AT A PRICE THREE TIMES ABOVE THE CURRENT CEILING AND AVERAGING OF HIGHER PRICES TO ALL CONSUMERS.

4. IT IS PERTINENT TO ANY DISCUSSIONS WITH GOM ON GAS PRICES TO NOTE THAT PRESS ARTICLES OF ONE TYPE OR ANOTHER CONTINUE TO APPEAR DAILY CONCERNING MEXICAN GAS, OIL AND THE UNITED STATES. HERBERTO CASTILLO CONTINUES HIS PROTESTS IN UNIVERSAL THAT THE UNITED STATES IS PRESSURING MEXICO WITH CUTOFFS OF CREDIT UNLESS MEXICO SELLS OIL AND GAS ON FAVORABLE TERMS. FERNANDEZ PONTE REPORTS FROM

WASHINGTON THAT PEMEX WILL MARKET GAS FREELY IN THE UNITED STATES IF THE SIX U.S. COMPANIES PRESENTLY INVOLVED HAVE NOT COMPLETED ARRANGEMENTS BY DEC. 31. OFELIA ALFARO (EXCELSIOR) SPECULATES ON WHO IN MEXICO WILL PROFIT FROM PETROLEUM RICHES. THERE MAY BE SOME ADDITIONAL PRESSURE FOR A HARD LINE BECAUSE OF CURRENT PUBLICIZED PEMEX SCANDAL INVOLVING SMUGGLING TO U.S. OF LOWER PRICED AND SOMETIMES SUBSIDIZED MEXICAN DIESEL AND KEROSENE PRODUCTS. LUCEY

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Message Attributes

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Disposition Comment: 25 YEAR REVIEW
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